

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1988

ANSWERED ON:15.12.2003

LOSS DUE TO JOINT VENTURE IN AIRCRAFT MAINTENANCE

KAMAL NATH

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Cabinet Committee on Security (CCS) has decided that no foreign airlines should be allowed to undertake aircraft maintenance and other ground handling and engineering activities at Indian airports;
- (b) if so, the reasons for entering into the proposed joint venture between Indian Airlines and Singapore Airlines for aircraft maintenance which would compromise the security of aircraft, carrying VVIPs;
- (c) the criteria fixed for selecting the joint venture partner for the purpose;
- (d) whether the rules were adhered in choosing Singapore Airlines for the said joint venture;
- (e) whether a 1000 crore per annum business could have accrued to Indian Airlines and Air India if the joint venture is not made; and
- (f) if so, whether this would adversely affect the profitability of both the Indian companies; and
- (g) if not, the logic behind entering into such a joint venture?

Answer

MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI RAJIV PRATAP RUDY)

(a): The decision of the Cabinet Committee on Security (CCS) is to allow Air India, Indian Airlines and Airports Authority of India through their subsidiaries / Joint Ventures to offer ground handling services at Indian Airports. The decision does not cover aircraft maintenance and engineering activities, as these do not fall within the definition of 'ground handling'.

(b), (c) and (d): No Joint Venture Company has been set up in this regard. Indian Airlines and M/s Singapore Airlines Engineering Company Limited have signed an MOU for conducting a joint feasibility study to determine the value added propositions of setting up a maintenance facility on a Joint Venture basis. A final decision would be taken based on the viability and feasibility of the study. No compromise would be made regarding safety and security of aircraft and passengers.

(e), (f) and (g): The basic objective is to bring about qualitative and quantitative improvements in the maintenance, repair and overhaul of aircraft with minimal investment. The Joint Venture will be entered into only if the return on investments and gains to Indian Airlines are established.